

FEDERAL BUREAU OF INVESTIGATION  
COMMUNICATIONS SECTION

TELETYPE

BEST AVAILABLE COPY

Mr. Tolson	_____
Mr. Mohr	_____
Mr. Bishop	_____
Mr. Brennan	CD
Mr. Callahan	_____
Mr. Casper	_____
Mr. Conrad	_____
Mr. Dalbey	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Tavel	_____
Mr. Walters	_____
Mr. Soyars	_____
Mr. Beaver	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

*Staffed*

*9-SEP*

URGENT 60 PLAIN

TO DIRECTOR, FBI (100-457) (P)  
FROM NEW ORLEANS (100-457) (P)

Illegal Gambling Business

RE NEW ORLEANS TELETYPE TO BUREAU JUNE TWENTYFOUR LAST, AND URGENT TO NEW ORLEANS JUNE TWENTY.

REVENUE OF THE NEW ORLEANS DIVISION THIS DATE SEIZED FOUR HUNDRED AND FIFTY SMALL MACHINES, THREE MACHINES, THREE MACHINES, AND THE MACHINES ARE WORTHED FIFTYTHREE DOLLARS AND SEVENTY FIVE CENTS, FOR AN APPROXIMATE TOTAL VALUE OF FIFTYTHREE DOLLARS AND SEVENTY FIVE CENTS.

IN CONNECTION WITH THE SEIZURE OF THE MACHINES AND THE MACHINES ARE WORTHED FIFTYTHREE DOLLARS AND SEVENTY FIVE CENTS, FOR AN APPROXIMATE TOTAL VALUE OF FIFTYTHREE DOLLARS AND SEVENTY FIVE CENTS. IN CONNECTION WITH THE SEIZURE OF THE MACHINES AND THE MACHINES ARE WORTHED FIFTYTHREE DOLLARS AND SEVENTY FIVE CENTS, FOR AN APPROXIMATE TOTAL VALUE OF FIFTYTHREE DOLLARS AND SEVENTY FIVE CENTS.

END

NEW ORLEANS (100-457)

100-163-36

JUN 7 1971

ENCLOSURE

JUL 15 1971

## SPECIAL INVESTIGATIVE DIVISION

7/1/71

On 5/30/71 our New Orleans and Jackson offices executed numerous authorized search warrants seizing over 500 gambling type pinball machines, automobiles, trucks and U. S. currency for a total recovery of over \$1 million. These raids on the pinball industry in Louisiana and Mississippi are the result of an extensive investigation which began in late 1970 when gambling devices valued at \$7½ million were seized by our Agents pursuant to authorized search warrants. During the past several months our Agents have been obtaining necessary evidence by playing these machines and receiving pay offs on their winnings.

It is noted that the press today reports an Attorney General release concerning the arrest of District Attorney Garrison, New Orleans, as a result of pay offs in connection with illegal gambling activities. An



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In view of the fact that charges placed against Garrison and others were related to a Bureau investigation and resulted in charges normally under our prosecutive jurisdiction, if approved a protest will be lodged with the Department.

EJS:kjd:jsj



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JSS

JHL

WEL  
/

182-163-36

ENCLOSURE

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. Sullivan

FROM : J. H. Gale

SUBJECT: NEW ORLEANS NOVELTY COMPANY  
AND OTHERS  
ILLEGAL GAMBLING BUSINESS

DATE: June 29, 1971

Tolson \_\_\_\_\_  
Sullivan \_\_\_\_\_  
Bishop \_\_\_\_\_  
Brennan, C.D. \_\_\_\_\_  
Callahan \_\_\_\_\_  
Casper \_\_\_\_\_  
Conrad \_\_\_\_\_  
Dalbey \_\_\_\_\_  
Felt \_\_\_\_\_  
Gale \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tavel \_\_\_\_\_  
Walters \_\_\_\_\_  
Soyars \_\_\_\_\_  
Beaver \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Holmes \_\_\_\_\_  
Gandy \_\_\_\_\_

Our New Orleans and Jackson offices in November, 1970, pursuant to authorized search warrants, seized over 2,700 gambling-type pinball machines, 1,074 slot machines and approximately \$250,000 in cash. The total recovery made in this case amounts to nearly \$7,500,000. At that time over 1,200 Federal search warrants were executed throughout the States of Louisiana and Mississippi.

Investigation in New Orleans and Baton Rouge, Louisiana, since November, 1970, discloses these pinball operators have continued their operations and Agents have received payoffs when playing these machines to obtain evidence with which to sustain prosecution. Prior to future indictments being returned in this investigation, our Agents in New Orleans contemplate executing search warrants at over 300 locations and seizing over 350 pinball machines on June 30, 1971. New Orleans advises that the cost of seizing these gambling-type devices will be \$3,962.24, which involves the cost of rental of trucks and labor. This cost is based upon previous experience encountered by New Orleans in November, 1970, and is based on the lowest cost available. The United States Marshals are assuming custody of the machines once seized and will be responsible for the storage costs. The United States Marshals are prohibited by Departmental regulations from bearing expense until the machines are delivered to them for storage as evidence.

## ACTION:

That if approved, the attached teletype will be sent authorizing Special Agent in Charge, New Orleans, to expend \$3,962.24 for rental of trucks and labor costs in order to seize these gambling devices.

Enclosure

- 1 - Mr. Sullivan
- 1 - Mr. Mohr
- 1 - Mr. Callahan
- 1 - Mr. Bishop

- 1 - Mr. Gale
- 1 - Mr. Rowe
- 1 - Mr. Staffeld
- 1 - Mr. Sharp

62 JUL 13 1971

(9)



# Department of Justice

FOR IMMEDIATE RELEASE  
WEDNESDAY, JUNE 30, 1971

*File 182-163*

*JHL*  
*Hale*  
*Staff*  
*Sally*  
*Baker*

New Orleans District Attorney Jim Garrison, two New Orleans police officers and seven other persons connected with pinball machine operations were arrested today on Federal charges of bribery, illegal gambling, and obstruction of law enforcement.

Attorney General John N. Mitchell said arrest warrants were issued last night after the U. S. Attorney in New Orleans, Gerald Gallinghouse, filed a criminal complaint developed from a year-long investigation.

According to a 113-page affidavit filed with the complaint, payments of up to \$1,500 a month were being made to Garrison and the police officials to protect illegal gambling in coin-operated pinball machine operations.

Tape recordings of some of the actual transactions are part of the government's case, according to the affidavit. A former member of Garrison's staff acted as the conduit for the exchange of the money and also recorded the conversations.

The investigation was conducted by the Justice Department's New Orleans Strike Force in cooperation with Gallinghouse's office, the Internal Revenue Service, and the Federal Bureau of Investigation, Mr. Mitchell said.

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Treasury agents of the Internal Revenue Service made the arrests today.

In addition to Garrison, 50, the complaint named:

Frederick A. Soule, Sr., 51, a police captain assigned as an investigator to the staff of District Attorney Garrison;

Robert N. Frey, about 38, a police sergeant who commands the Department's Vice Squad.

Louis M. Boasberg, 60, partner in the New Orleans Novelty Company and New Orleans Novelty Sales Company;

John J. Elms, Jr., 29, partner in TAC Amusement Company, New Orleans;

Lawrence L. LaGarde, 52, partner in TAC Amusement Company;

Harby S. Marks, Jr., 57, an employee of New Orleans Novelty Company;

Robert Nims, about 40, principal stockholder of REN Enterprises, Inc., a holding company of Lucky Coin Machine Company, Inc.; AMA Distributors, Inc.; RDM Corporation, and Le Cafetierie, Inc., all of New Orleans;

John Elmo Pierce, 54, owner and operator of Pierce Amusement Company, New Orleans;

John Aruns Callery, 63, lobbyist for the pinball machine industry in the Louisiana State Legislature.

*Done this morning  
7-21-71*

The four-count complaint under which the warrants were issued charged all 10 men with illegal gambling, use of bribery to obstruct law enforcement, interstate travel or transportation in aid of racketeering--in this case illegal gambling--and conspiracy to violate the above laws.

The affidavit, signed by Floyd D. Moore, Chief of the Intelligence Division of the Louisiana IRS District, named Pershing Gervais as the man who acted as cooperating witness and who set forth activities in which he was involved with those arrested.

Gervais was chief investigator on Garrison's staff from 1962 to 1965. He also has worked as a private investigator and was a New Orleans policeman from the mid-1940's until 1952.

In the affidavit, Gervais said he was the intermediary to whom the bribes were paid by certain pinball machine owners and dealers and who delivered the payments to the law enforcement officials. He said he has been cooperating with the IRS since June, 1969, and with the Strike Force since its inception in July, 1970.

Gervais said that for the past nine years, he has been the conduit through Callery for payoffs from pinball machine dealers to Garrison. Payments to the District Attorney have ranged from \$2,000 to \$3,000 bi-monthly, he said.

After the FBI raids in November, 1970, Gervais said, the bi-monthly payments dropped to \$1,000 to Garrison and \$500 each to Soule and Frey.

OVER

With Gervais' consent, and with the approval of the Attorney General and the IRS Commissioner, the IRS began recording conversations between Gervais and those named in the complaint in November, 1970.

The recorded conversations, according to the affidavit include:

--Actual payoffs to Garrison in March and May, 1971;

--Soule saying he has \$75,000 in a safe deposit box which he has collected from Callery;

--Soule saying he received \$750 monthly between 1962 and 1968;

--Arrangements are made for Marks to deliver the payoffs from certain pinball owners and operators to Gervais.

In describing the arrests, Gallinghouse said today that Marks delivered \$2,000 to Gervais last night and Gervais then delivered \$1,000 in marked bills to Garrison.

Following the transaction, IRS agents obtained arrest warrants for the 10 persons and a search warrant for Garrison's premises to recover the marked money.

This morning Gervais delivered the other \$1,000 in marked bills to Soule, who passed \$500 on to Frey, Gallinghouse said.

Meanwhile, FBI agents executed approximately 275 search warrants on pinball locations in New Orleans and Baton Rouge, as well as some 85 locations in the Gulf Coast area of Mississippi, including Gulfport, Biloxi and Pascagoula, and were to seize all gambling machines.

There were to be no arrests in Mississippi.

The coin-operated machines are legal in Louisiana and Mississippi unless a player can receive money from them by gambling. Mr. Mitchell said that illegal pinball gambling in Louisiana is estimated to be a \$15 million-a-year racket.

In October, 1970, IRS agents in Louisiana and Mississippi seized 354 gambling type pinball machines for failure to pay the special tax imposed on them by federal law.

In November, 1970, FBI agents in Louisiana and Mississippi seized approximately 3,000 gambling type pinball machines and more than 1,000 slot machines not registered with the Attorney General as required by federal law.

The maximum penalty upon conviction for illegal gambling is five years in prison and \$20,000 fine; obstruction of law enforcement, five years in prison and \$20,000 fine; interstate travel in aid of racketeering, five years in prison and \$20,000 fine; and conspiracy, five years in prison and \$10,000 fine.

In addition to the FBI and IRS, Mr. Mitchell cited the Customs Bureau, the Secret Service, the Labor Department, and the Postal Inspection Service for their contributions to the Strike Force investigation.



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 Weaver \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Holmes \_\_\_\_\_  
 Gandy \_\_\_\_\_

DA 54  
 file 182-163 (2)  
 Jones  
 Bro...  
 Campbell  
 New Orleans Novelty Company  
 JCHP

GARRISON 7-25 DA 1

CHT LD

NEW ORLEANS (UPI) — BOSTON ATTORNEY E. LEE BAILEY SAYS HIS DEFENSE DISTRICT ATTORNEY JIM GARRISON ON CHARGES OF BRIBERY AND GAMBLING WILL BE TOUGH AND EXPENSIVE BECAUSE THE FEDERAL GOVERNMENT IS GIVING THE CASE SPECIAL ATTENTION.

BUT THE DEFENSE ATTORNEY HAS AGREED TO FOREGO HIS USUAL FEE.

"IT IS A DANGEROUS CASE IF FOR NO OTHER REASON THAN THAT THE GOVERNMENT SEEMS TO BE COMMITTED HEADLONG TO A CONVICTION AT ANY PRICE," BAILEY SAID IN A WEEKEND LETTER TO GARRISON. "THEREFORE, I CAN ONLY SERVE YOU EFFECTIVELY IF OUR PRE-TRIAL PREPARATION IS COMPLETE AND EXTREMELY THOROUGH."

"IT SEEMS CLEAR JUST FROM AN INTRODUCTORY GLANCE AT THE SITUATION THAT THE EXPENSES AND COSTS OF EXPERTS AND INVESTIGATORS ARE GOING TO RAPIDLY MOUNT TO A VERY SUBSTANTIAL SUM."

GARRISON WAS CHARGED LAST MONTH WITH ACCEPTING BRIBES OF UP TO \$1,500 A MONTH TO PROTECT ILLEGAL PINBALL MACHINE GAMBLING IN THE NEW ORLEANS AREA.

THE DISTRICT ATTORNEY FEELS THE CHARGES ARE THE LATEST ATTEMPT BY THE GOVERNMENT TO SILENCE HIS THEORY THAT PRESIDENT JOHN F. KENNEDY WAS KILLED BY A BAND OF CONSPIRATORS. THAT SAME FEELING WAS APPARENTLY PART OF BAILEY'S DECISION TO TAKE THE CASE.

"I WILL SERVE WITHOUT FEE IN THESE MATTERS," BAILEY TOLD GARRISON. "IT IS PAINFULLY APPARENT FROM THE MANNER IN WHICH THE UNITED STATES ATTORNEY HAS PROCEEDED THAT YOU ARE A TARGET DEFENDANT, THAT THIS CASE WILL BE GIVEN 'SPECIAL TREATMENT' BY THE GOVERNMENT."

ATTORNEY GERALD GALLINGHOUSE FILED THE CHARGES IN A 110-PAGE COMPLAINT CONTAINING TRANSCRIPTS OF ELECTRONICALLY RECORDED CONVERSATIONS BETWEEN GARRISON, TWO POLICEMEN ALSO CHARGED, PINBALL OPERATORS AND OTHERS. ALSO, THE GOVERNMENT'S CHIEF INFORMER AND A FORMER GARRISON ADVISOR.

A SPECIAL FEDERAL GRAND JURY IS SCHEDULED TO CONVENE AUGUST 10 TO INVESTIGATE THE CHARGES. THE AFFIDAVIT HINTS THAT OTHER INDIVIDUALS COULD FACE CHARGES.

66 AUG 10 1971

WASHINGTON CAPITAL NEWS SERVICE

FEDERAL BUREAU OF INVESTIGATION  
COMMUNICATIONS SECTION

JUL 6 1971

TELETYPE

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Mr. Soyars	_____
Mr. Beaver	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

URGENT 7-6-71

NEW ORLEANS 7-6-71 RUC

TO DIRECTOR

FROM NEW ORLEANS (125-88)

NEW ORLEANS NOVELTY COMPANY, ET AL, IGB.

FOR INFORMATION OF BUREAU, NEW ORLEANS DISTRICT ATTORNEY  
JIM GARRISON FILED CHARGES ON JULY SIX INSTANT AGAINST U. S.  
ATTORNEY GERALD J. GALLINGER AND [REDACTED] ATTORNEY IN  
CHARGE, NEW ORLEANS STRIKE FORCE, OUTLINED HEREINAFTER, IN  
RESPONSE TO HIS ARREST BY INTERNAL REVENUE SERVICE ON JUNE  
THIRTY, SEVENTYONE. ON JULY SIX SEVENTYONE OBTAINED  
A TEMPORARY RESTRAINING ORDER FROM USJD HERBERT CHRISTENSEN,  
EDLA, AGAINST GARRISON.

ONE. THAT THEY WILLFULLY AND DELIBERATELY VIOLATED THE LAW  
RELATIVE TO OBSTRUCTION. IN THAT THEY DID CONSPIRACIOUSLY  
ATTEMPT TO OBTAIN ADVANTAGES FROM HIM SO AS TO DO  
HARM TO THE DISTRICT ATTORNEY AND SO IMPUTE REPUTATION TO GARRISON.

TWO. THAT THEY ENDEAVORED TO OBTAIN FROM THE DISTRICT ATTORNEY  
AND GARRISON TO ASSIST IN PROMOTING GARRISON TO AID AND ABET  
VIOLATIONS OF THE LAW, INCLUDING THE VIOLATION OF  
STATUTE.

END PAGE ONE

EX-109

182-163-38  
JUL 16  
TO JUL 7 1971

54 JUL 14 1971  
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